

STATE OF VERMONT  
PUBLIC SERVICE BOARD

**SPECIAL CONTRACT APPROVAL**

Re: S.C. #957

The new contract for           G A S           service between           Vermont Gas Systems, Inc. ("VGS" or the "Company")           and           Rock-Tenn Converting Company           ("Rock-Tenn" or the "Customer") for the period beginning November 1, 2011, and continuing through October 31, 2014, for use in the equipment of Rock-Tenn's facilities located in Sheldon Springs, Vermont, under the conditions set forth in the Contract and set forth herein is hereby approved as provided by 30 V.S.A. § 229. This contract replaces Special Contract No. 919.

In a letter filed on August 26, 2011, the Vermont Department of Public Service ("Department") recommended that the Board approve the Contract. The Department states that the rates under the proposed Contract will make a reasonable contribution to VGS's fixed costs.

According to information provided by VGS, Rock-Tenn is currently undertaking a large demand-side management ("DSM") project for boiler stack exhaust heat recovery. We remind VGS and the Customer of their mutual obligation to pursue DSM and efficiency measures to the fullest extent possible. We further reiterate that any future extension of this Contract will require a showing that this DSM requirement has been satisfactorily met by the Customer.

We accept the Department's recommendation to approve this Contract. Our approval of this Contract is conditioned upon, among other things, our expectation that VGS and the Customer will pursue DSM and efficiency measures to the fullest extent prudently possible. To ensure this, VGS shall file a report detailing DSM and energy efficiency activities at the Customer's facilities. The report shall be filed concurrently with any proposal to supercede the Contract that is the subject of this Order, and should include the following: (i) a description of potential DSM projects at Customer's facilities studied by the Company; (ii) a demonstration that Customer has participated fully in VGS' DSM and energy efficiency programs, or a full explanation as to why the Customer has not fully participated (including a specific representation as to the cost savings the Customer expects to be gained by not participating); (iii) a description of individual DSM projects undertaken at all of the Customer's facilities during the contract

period; (iv) estimates of energy and peak period savings; and (v) the amounts invested by the project. In addition, we require VGS to file a status report by December 1, 2011, regarding the progress in implementing Rock-Tenn's present DSM project for boiler stack exhaust heat recovery.

Our approval of this Special Contract reflects our overall judgment that, as conditioned, it meets the strictures of 30 V.S.A. § 229. Except as specifically conditioned, our approval should not be construed as approval or disapproval of any of the specific negotiated terms, or as a determination that those terms are, or are not, cost-effective for the contracting customer or otherwise in the contracting customer's best interest.

VGS shall provide a copy of this Board approval to the contracting customer within ten (10) days.

Dated at Montpelier, Vermont, this 22nd day of September, 2011.

<u>s/ James Volz</u>	)	
	)	PUBLIC SERVICE
	)	
<u>s/ David C. Coen</u>	)	BOARD
	)	
	)	OF VERMONT
<u>s/ John D. Burke</u>	)	

OFFICE OF THE CLERK

Filed: September 22, 2011

Attest: s/ Susan M. Hudson  
Clerk of the Board

